2/11/77

Clayton Phone Executive Was Killed By Mistake, 2 Swindlers Told FBI

By [illegible]
Of the Post-Dispatch Staff

FIRST IN A SERIES

Within 48 hours after Clayton telephone company executive Buddy J. Lucier was killed when a bomb [illegible] through his automobile on July 21, 1970, two swindlers met secretly in Forest Park with an agent of the Federal Bureau of Investigation and told him they believed the bomb was meant for one of them.

The men told agent Howard Kennedy that their attorney, Theodore F. Schwartz, regularly parked his black Lincoln Continental in the space in the Pierre Laclede Center parking lot in Clayton where Lucier's black Cadillac was parked when it was bombed. The bomb could also have been meant for Schwartz, they said.

Furthermore, the men told Kennedy, [illegible] that the bomb might have been planted there by a convicted New Orleans gambling racketeer named Santo J. DiFatta, whom they had just swindled out of $130,000 in cash and $10,000 in collateral notes in a phony loan commitment scheme. DiFatta, they said, was threatening them for return of the money, given them as a finder's fee for securing a multimillion dollar loan commitment.

But because the information about DiFatta as a possible suspect and the swindle as a possible motive was not communicated by the FBI to agencies investigating the Lucier killing, no connection was made until five years later when the federal statute of limitations for prosecution of a bombing was about to expire.

A month long Post-Dispatch investigation has unearthed the following account of the swindle that had its seeds in the multi-million dollar, international fraud involving the Bank of Sark. Two subsequent articles will describe the eyewitness report of a man seen in Lucier's car shortly before the bombing, the involvement of organized crime and the possible reason behind the FBI's failure to turn over vital information.

DiFatta admitted to the Post-Dispatch in interviews in New Orleans that he was the prime suspect in the killing. He said he was told so by the Government. He

See LUCIER, Page 4

4A Fri., February 11, 1977 ST. LOUIS POST-DISPATCH

FROM PAGE ONE

fatally denied killing Lucier.

But in the spring of 1970, DiFatta, an associate of New Orleans underworld figures and an admitted briber, had never heard of Lucier, president of Continental Telephone Co. here, pillar of his church and devoted father of 11 children.

DiFatta was trying to get $5,820,000 in loan commitments for a marina he wanted to build on Lake Pontchartrain near New Orleans. He had obtained a temporary lease from the Orleans Parish (County) Levee Board.

To get a permanent lease, however, DiFatta had to secure long-term financing commitments.

But DiFatta, who then owned the New Orleans Coin Machine Co., a pinball machine firm involved in gambling, had encountered opposition to his marina plans.

Aaron M. Kohn, managing director of the Metropolitan Crime Commission of New Orleans and a former FBI agent, opposed issuance of the lease in a Levee Board hearing. Later, Kohn wrote letters to the Levee saying that DiFatta "for many years ... has been, and continues to be, a principal figure in the pinball gambling aspect of organized crime" and that "we consider the operation of the New Orleans Coin Machine Co. ... as organized crime."

With time running out on the temporary lease and having been turned down by Las Vegas interests and by established lenders, DiFatta told the Post-Dispatch, he met a New Orleans insurance man who had business connections in St. Louis. The man offered to help obtain the loan commitments in return for a "piece of the marina," DiFatta said.

About the time DiFatta was getting in touch with the St. Louisan, the Bank of Sark and related frauds were in high gear. The fraud involved a fictitious bank on the Isle of Sark in the English Channel. Their mastermind was Philip M. Wilson of St. Louis, now serving a 12-year federal prison sentence for insurance fraud and for violations of his parole in the Bank of Sark swindle. One these men DiFatta was put in touch with here were associates of Wilson.

One of Wilson's schemes was to arrange phony loan commitments from nonexistent lenders throughout the Western Hemisphere in return for lender's fees. The potential borrowers never received the loans. Wilson was in the process of moving his base of operations from St. Louis to Miami when DiFatta's [illegible] for money became [illegible]. In April, DiFatta was put in touch with [illegible] insurance man Ben Feinstein, who assured him he could arrange the loan commitments with St. Louis associates. DiFatta said Feinstein told him a group of St. Louis businessmen had pooled their assets and would consider the loan commitments.

Feinstein, now a produce dealer, was convicted in 1967 of possession of stolen money orders and sentenced to three years in federal prison. He has refused to discuss with the Post-Dispatch his role in the scheme. It was learned, however, that he testified in 1975 before the federal grand jury investigating the Lucier bombing.

It was learned also that Feinstein told authorities then that DiFatta had been "beaten at his own game." Feinstein told investigators that DiFatta had planned to "milk off the funds and had no intention of completing the project."

Feinstein admitted in 1975 to investigators that he was to have received $20,000 from the swindlers for acting as intermediary between them and DiFatta, but was given nothing and spent $3003 of his own money.

Negotiations followed between DiFatta, Feinstein and two of Wilson's associates here. One was a Chesterfield financial consultant, the other a University City accountant. Both agreed to cooperate with the Post-Dispatch if granted anonymity. Both expressed concern for their safety.

The swindlers said that DiFatta was told that the loan commitments would be made through Tangible Asset Insurance Co., Ltd., (T.A.I.) of Montreal, a fictitious insurance company created by Wilson. The swindlers said they served as "brokers" for Wilson on the deal.

"We weren't going to get him (DiFatta) a loan and we had no intention to," the accountant explained to the Post-Dispatch. "We told him that in 21 to 30 days he would have the commitment papers. All DiFatta wanted was a document that would pass muster with the Levee Board, this lawyer told us. 'I don't care what it is, if it looks good.'

"All we had to do was to give him the mortgage papers. The papers said that if at the end of a certain time after the project (marina) did not work out, the Canadian company would reimburse the Levee Board for the $5,900,000."

In a statement to authorities in 1975, the financial consultant said that "the minute I saw Santo DiFatta ... I said to my partner that I was going to take 'em. And we did just that, $150,000 in cash."

Feinstein and the financial consultant told investigators that on May 13, 1970, DiFatta gave a $50,000 cashier's check to Feinstein. A week later, on May 25, DiFatta gave them $100,000 and two collateral notes totalling $130,000.

DiFatta corroborated this to the Post-Dispatch, and his bank records in New Orleans showed withdrawals in those amounts at those times.

The accountant and the financial consultant said that one night after the deal was closed, they and DiFatta had dinner at the Cheshire Inn with New Orleans criminal lawyer George W. Gill Jr. Gill, along with his late father, G. Wray Gill, have represented New Orleans underworld figures, including Carlos Marcello, long identified as the head of organized crime in New Orleans.

At dinner, Gill displayed a photograph from a Life magazine story of April 10, 1970, about organized crime in New Orleans. The photograph was of Marcello and the elder Gill leaving a grand jury hearing in 1963.

The accountant said that Gill asked, "Do you know who my father is?" and then pointed to the photograph.

"We became frightened," the accountant told the Post-Dispatch. "It was then we realized what kind of connections they had in New Orleans. We considered this a veiled warning."

The financial consultant said that the two then went to the men's room. "I said, 'If this is a family (Mafia) deal, let's get out. This is crazy.'"

The two swindlers said that they found themselves in a dilemma.

By then, Wilson had received $100,000 of the $130,000 and had made it clear the money would not be returned. DiFatta was pressing for his papers then, but at the same time the swindlers were also fearful of some of Wilson's other associates. They asked Gill if the deal could be called off, but the lawyer refused, holding them to their signed agreement with DiFatta.

"We decided we were just going to wash our hands of Santo (DiFatta)," the accountant told the Post-Dispatch. "We just stalled him, hoping things would work out."

DiFatta received the phony commitment papers a short time later, but was dissatisfied with them. He told the Post-Dispatch he wanted to know more about the Montreal company.

The accountant said DiFatta talked several times by telephone with Wilson in Miami. Wilson assured him that everything would be taken care of, the accountant said. DiFatta, in two interviews in New Orleans with the Post-Dispatch, emphatically denied that he had ever heard of Wilson.

DiFatta told the Post-Dispatch that he was beginning to realize that "I had been taken for my $150,000." And he said he was angry. The $150,000 represented more than half of his profits from the sale of his pinball machine company late in 1969.

"Listen, nights I couldn't sleep," he said. "I got my belly full. It would bother me. I'd want to get a gun and go up there (St. Louis) and kill those three guys. But I thought, what the hell, I got a wife."

In October 1975, in a federal grand jury appearance here, DiFatta told authorities that his anger continued unabated. "I'm sorry I didn't bomb or kill (the financial consultant), Ben Feinstein and (the accountant)," he is quoted as saying.

In July 1970, Gill and DiFatta flew to Montreal to see the offices of T.R.I., which was to have given DiFatta the loan commitments. They discovered only a small, one-room office with an answering service, DiFatta said.

DiFatta then began efforts to gain the return of his $150,000 and the collateral notes. He denies, however, that he ever made any threats to those who had swindled him.

On the periphery of these negotiations was the Clayton criminal lawyer, Schwartz. Schwartz told the Post-Dispatch that he represented the swindlers in impending criminal charges arising from the Bank of Sark fraud and not in their business dealings.

Nevertheless, Schwartz attended a meeting here with DiFatta and the swindlers before the Lucier bombing. And Schwartz told the Post-Dispatch that

Theodore F. Schwartz
Possible target

at the meeting DiFatta had said that "someone in their families could get hurt," if his money was not returned.

In addition, Schwartz told the Post-Dispatch, a short time before the Lucier bombing, someone had tried to break into his black Lincoln Continental as it was parked at his University City home. The attempt was unsuccessful.

Gill, interviewed in New Orleans, confirmed details of the swindle. "I advised Santo (DiFatta) not to do business with them," he said. "He was dealing with fools and I tried to tell him."

Gill said he was unaware of any threats DiFatta might have made against the St. Louisans. He told the Post-Dispatch, however, that DiFatta at one time wanted to hire several goons from Kansas City to "rough up those people from St. Louis." Gill added, "My daddy told DiFatta not to."

SUNDAY: The murder, the eyewitness and more threats by DiFatta.